

Program Activity & Accomplishments in FY 2000

As established by the Energy Policy Act of 1992 (EPAct), the State & Alternative Fuel Provider Program requires state governments and companies selling alternative fuels to replace a percentage of their new acquisitions with alternative fuel vehicles. To comply with the regulation, fleets across the United States have collectively purchased approximately 37,000 alternative fuel vehicles (AFVs) since 1997. This report summarizes the accomplishments of the program during the fiscal year (FY) 2000. It also includes fleet acquisition statistics for model year (MY) 1999, which were reported to the Department of Energy (DOE) in FY 2000.

Status of Covered Fleets

In FY 2000, the State & Alternative Fuel Provider Program made a significant effort to identify and contact all fleets that are potentially covered by the regulations. The results were evident in the compliance statistics for MY 1999 acquisitions where 86% of the 315 covered fleets were fully compliant with the program.

Figure 1 shows the distribution of state and alternative fuel provider fleets among the total 315, along with the proportions of those both in and out of compliance. Although state fleets make up only 39% of the total number of fleets, they account for more than 67% of the AFVs in the program. As already stated, 37,000 AFVs have been reported

under the State & Alternative Fuel Provider Program since the late 1990s—with 7,715 reported for MY 1999 alone. Figure 2 shows the distribution of vehicles between the two types of fleets.

Figure 2:
Number of MY 1999 Vehicles in Covered Fleets

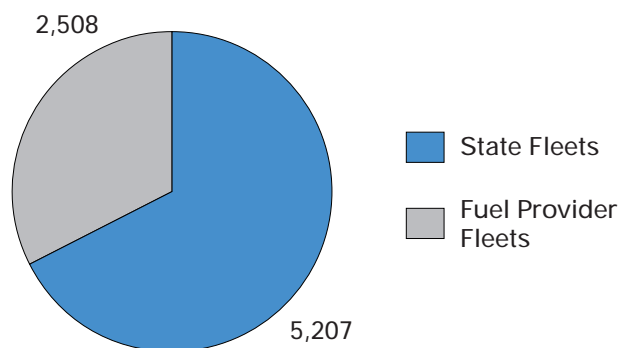
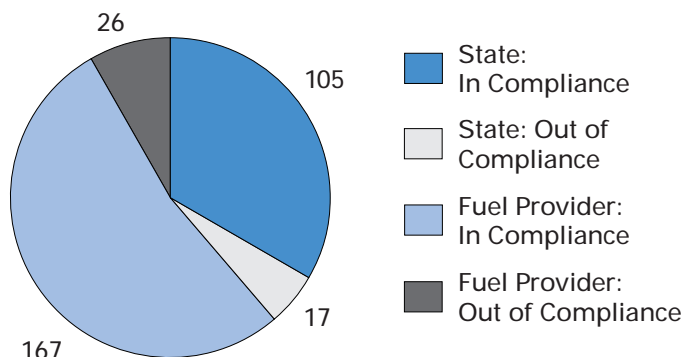


Figure 1:
Status of Covered Fleets for MY 1999



Highlights

- **86% of covered fleets achieved program compliance**
- **7,700 alternative fuel vehicles were purchased**
- **105 biodiesel fuel use credits were utilized**

Vehicle Acquisition Summary

Since the program's launch in 1997, the number of AFVs acquired by regulated fleets has increased each year. The acquisition requirements for alternative fuel providers peaked with the 2000 model year. For MY 2000 and thereafter, 90% of fuel provider fleets' new vehicles must be AFVs. State fleets and electric utilities companies, however, will hit their peak with the 2001 model year.

The more than 7,700 vehicles acquired in MY 1999 represent nearly 90% of the total number of acquisitions required for covered fleets in that year. Requirements may be met in several ways, including credit trading, biodiesel fuel use, or exemptions. After using these options, fleets in the program were only short 291 vehicles, as shown in Table 1.

Table 1:
1999 AFV Acquisition/Credit Summary

Number of Required AFV Acquisitions	8,598
Total Number of AFVs Purchased	(7,715)
Number of Credit Transfers	(400)
Number of Biodiesel Fuel Use Credits	(105)
Number of Vehicle Exemptions Granted	(87)
Number of Insufficient Acquisitions	291

Credit Trading

Credit trades for MY 1999 have increased, although they remained infrequent. To satisfy acquisition requirements, fleets used credit trades less than 5% of the time (400 total). However, the increase during 1999 may be indicative of more trading activity in the future, as the acquisition percentages peak. Overall, the number of credits banked by fleets is high. Most fleets have saved their earned credits for their own use.

Biodiesel Fuel Use Credits

Because 1999 was the first year fleets were allowed to count biodiesel use as a creditable activity, use of this option was infrequent. Biodiesel's use to satisfy acquisition requirements has also been

The number of exemption requests approved on the first submission increased from 50% for MY 1998 to 90% for MY 1999.

infrequent. For example, fewer than 2% (105 total) of all acquisition requirements were met using biodiesel credits. However, because they were recently supplied with guidances that explain the new biodiesel rule, more fleets are expected to use biodiesel as a compliance strategy in the future. *For more information, see Biodiesel Guidance under Program Accomplishments (below).*

Exemptions

There were 29 exemption requests in 1999—some of which were for previous or future model years. There were 10 approved requests for MY 1999 exemptions, totaling 87 vehicles—all granted for fuel providers. These exemptions accounted for approximately 1% of acquisition requirements. In early 2000, DOE issued a guidance that was intended to make the exemption process more efficient for fleets and DOE decision-makers. *For more information, see Exemption Guidance Documents under Program Accomplishments (below).*

Insufficient Acquisitions

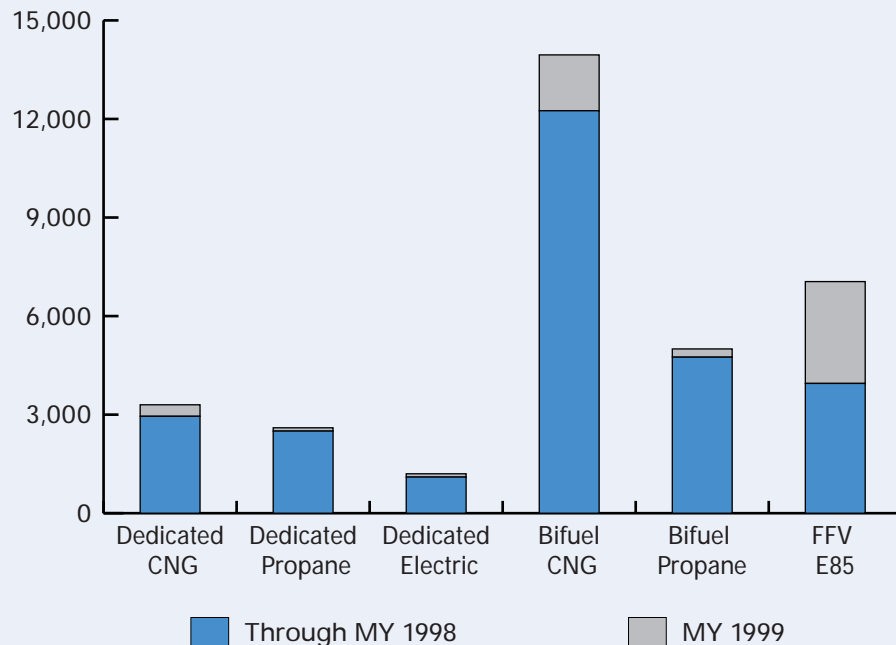
More than 85% of the fleets complied with all acquisition requirements for AFVs. Of the 15% that did not comply for MY 1999 (43 fleets), 33 did not acquire enough AFVs to satisfy their requirements, and 10 did not submit reports to DOE. The 33 fleets out of compliance for insufficient acquisitions were short a total of 291 acquisitions, which accounted for approximately 3% of all program acquisition requirements in 1999. Most fleets were short by only a few vehicles; however, two state fleets in this category accounted for 36% (103 vehicles) of the shortfall.

Program Accomplishments

As indicated in Figure 3, the success shown by the compliance statistics can be attributed, in part, to the efforts the State & Alternative Fuel Provider

Fleet Vehicle/ Fuel Preferences

Figure 4 shows a breakdown of the most popular vehicle-fuel configurations purchased by the covered fleets. MY 1999 showed a large increase in the purchase of flexible fueled vehicles (FFV) as a method for compliance. This was probably due to their low cost, availability, and their ability to operate on ethanol (E85) or gasoline. This trend is expected to continue as long as manufacturers continue to offer FFVs at zero incremental cost to customers. In particular, growth is expected to occur among state fleets, which have no fuel-use requirement.



Program has made in the last two years to identify covered fleets, clarify guidance and process issues, and improve communications with the fleets. Because acquisition statistics for each model year are reported the following fiscal year, many of these improvements were implemented in FY 2000 to help improve compliance and the efficiency of the reporting process for MY 1999 vehicles. The following are several specific accomplishments in FY 2000.

Identifying Covered Fleets

In FY 2000, DOE launched an initiative to identify all covered fleets in the United States, starting with fuel-provider fleets (FPFs). DOE sent notices to 144 potentially covered FPFs requesting information regarding their status and received 106 responses. As a result, DOE determined that most FPFs were not covered because of their size or geographic location. Eight new fleets, however, were identified and have subsequently reported to DOE under the requirements of the program. At the close of MY 1999's reporting period in mid FY 2000, DOE considered all FPFs as identified.

An initiative to fully identify all state fleets also began in FY 2000 and has continued into FY 2001. An initial letter was sent to more than 100 state agency fleets asking for their assistance in identifying fleets that are not reporting. In FY 2000, DOE wrote to selected contacts in each covered state to help understand which agencies may not be included in current annual compliance reports. The feedback from these contacts was used to create a comprehensive state database and a state fleet identification plan has been identified for further action in FY 2001.

Increase in Fleet Correspondence

DOE has made a significant effort to increase communications with fleets to address their questions and specific problems. Examples of communications activities completed in FY 2000 include:

- Issuing in December 1999 reminder letters to all fleets, which prompted them to provide reports by the end of the calendar year;
- Responding to 29 exemption requests (for MY 1997-2000) during the 1999 reporting year;

- Operating the Regulatory Information Line, which fielded more than 250 telephone inquiries regarding exemptions, reporting, and general program information; and
- Attending the Clean Cities Conference, the Natural Gas Vehicle Conference, the National Conference of State Fleet Administrators, and several regional Clean Cities/Advancing the Choice events to meet fleet managers and answer questions.

Biodiesel Guidance

During FY 2000, DOE issued guidance documents to explain the new biodiesel interim rule that allows fleets to use biodiesel to satisfy part or all of their AFV acquisition requirements. This is significant because it represents the first document that actually outlines the program's requirements and explains the way to report biofuel use via the database.

Exemption Guidances

To help fleets navigate their way through the process of requesting exemptions more efficiently, DOE has developed guidance documents that explain the exemption process as well as the application procedures. As a result, fleets are more often able to provide the required analysis and paperwork correctly the first time—saving time for both fleet managers and DOE administrators. In fact, the number of exemption requests approved on the first submission increased from 50% for MY 1998 to 90% for MY 1999.

New Web Site

Also in FY 2000, a new Web site was developed to improve program outreach. Previously, the EAct Web site was only intended for reporting purposes; it didn't post general program information. The new site, located at www.ott.doe.gov/epact, displays information about EAct-related programs, making it easier for covered fleets to understand and comply with them.

Among the items posted are guidances explaining technical and administrative issues, forms for trading credits, links to the reporting database, and program contact information. A dynamic interactive

tool, the EAct Web site will be examined periodically in an effort to find new ways to make it easier for fleet operators to navigate their way through the system.

Conclusion

FY 2000 was a big year for EAct. From efforts to identify all covered fleets and Web site development to the publication of various program guidances, DOE in FY 2000 made great strides toward improving the administration of the State & Alternative Fuel Provider Program and increasing outreach to fleets. These efforts are paying off with higher compliance rates and more AFVs on the road. Continued work in these areas in FY 2001, particularly related to state fleets, will support the increasing momentum within the program.

What is EAct?

The Energy Policy Act of 1992, or EAct, was passed by Congress to reduce the nation's dependence on imported petroleum. Provisions of EAct require certain fleets to purchase alternative fuel vehicles. DOE administers the regulations through its State & Fuel Provider Program, Federal Fleet Program, Private & Local Government Program, and Fuel Petition Program. EAct also includes voluntary programs, such as Clean Cities, which help accelerate the use of alternative fuels in transportation.

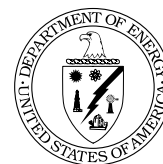
For more information, visit <http://www.ott.doe.gov/epact/>, or call the Regulatory Information Line at (202) 586-9171.

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